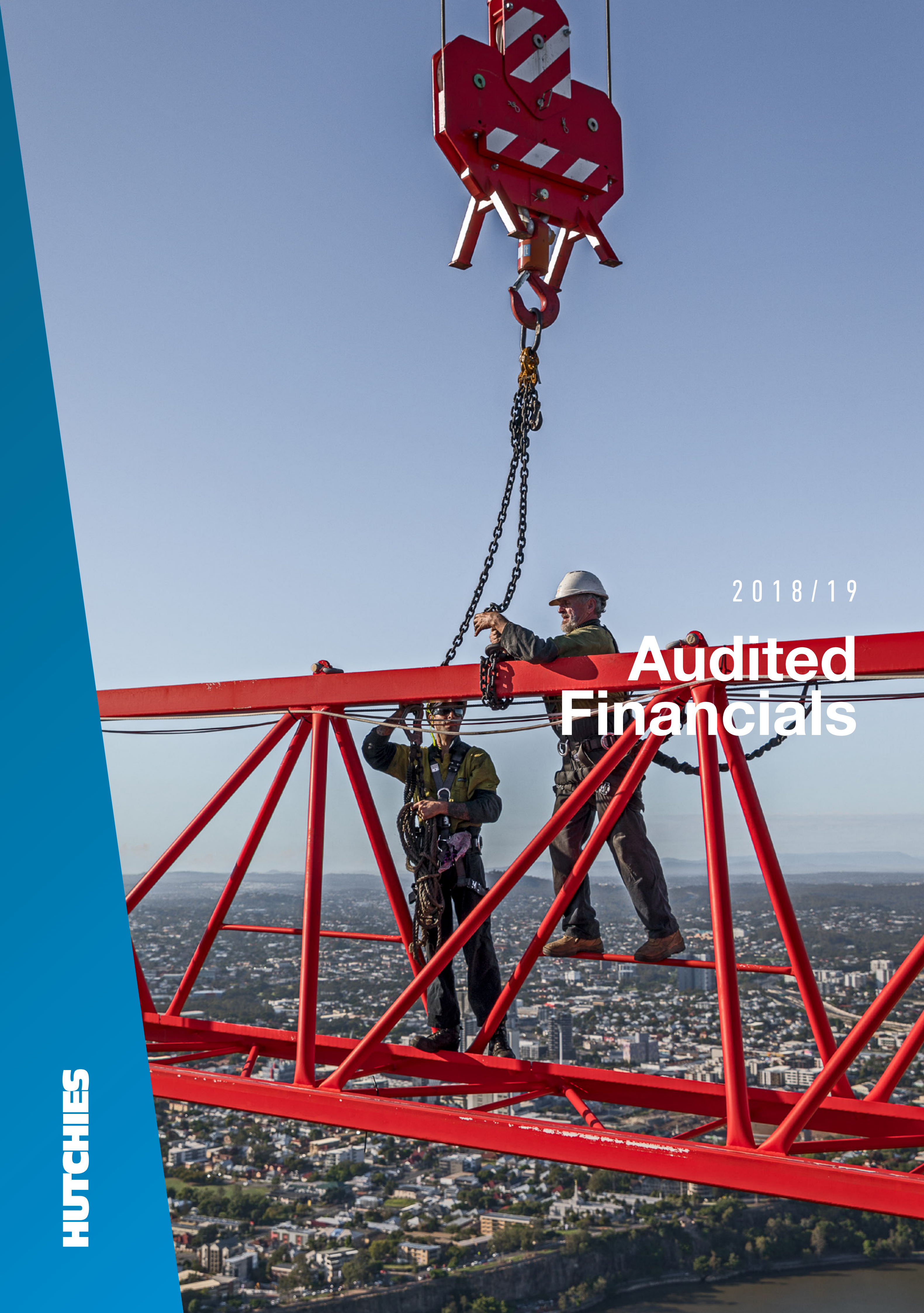

2018/19

Audited Financials

HUTCHIES

J HUTCHINSON PTY LTD
ABN 52 009 778 330

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

J HUTCHINSON PTY LTD
ABN 52 009 778 330

CONTENTS

J HUTCHINSON PTY LTD
ABN 52 009 778 330

DIRECTORS' REPORT

The directors present this report on the company for the financial year ended 30 June 2019.

The following persons held office of director during the year or since the end of the year;

John Collins Hutchinson
John Scott Hutchinson
Gregory Denis Quinn
Kellie Leanne Williams
Russell Mark Fryer
Owen Jason Valmadre
Benjamin Paul Amos Young

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations and financial results
The profit of the company for the financial year after providing for income tax amounted to $10,737,992 (2018: $26,472,398).

Significant changes in state of affairs
No significant changes in the company's state of affairs occurred during the financial year.

Principal activities
The principal activities of the company during the financial year were contract building.

No significant change in the nature of these activities occurred during the year.

Events arising since the end of the reporting period
Other than the event outlined in Note 20, the Directors are not aware of any other significant events since the end of the reporting period that may affect the operations of the entity. The Directors are of the opinion that the event outlined in Note 20, will not have any impact on the company's continuing operations or the company's state of affairs in future financial years.

Future developments
Likely developments in the operations of the entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the entity.

Environmental issues
The Company has some operations that are subject to environmental regulations under the laws of the Commonwealth, States and Territories. To mitigate any risks posed, the Company has taken out Environmental Liability Insurance.

Dividends paid or recommended
Dividends paid or declared since the start of the financial year are as follows:

- A fully franked dividend of $242,330 was paid during the year as recommended in last year's report.
- A fully franked dividend of $232,047 is recommended for payment for the year ended 30 June 2019.

J HUTCHINSON PTY LTD
ABN 52 009 778 330

DIRECTORS' REPORT

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnities given to, and insurance premiums paid for, auditors and officers

During the financial year the Company paid an insurance premium totalling $119,407 in respect of directors' and officers' liability insurance. All of this insurance premium related to insurance of Directors of the Company named in this report. The policy does not specify the premium for individual directors and executive officers.

The company has agreed to indemnify its auditors, BDO Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the company's breach of its agreement. The indemnity requires the company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001:

Director: ______________________________

Gregory Denis Quinn

Director: ______________________________

Owen Jason Valmadre

Dated this 17th day of September 2019

J HUTCHINSON PTY LTD
ABN 52 009 778 330

AUDITORS' INDEPENDENCE DECLARATION

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Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF J HUTCHINSON PTY LTD

As lead auditor of J Hutchinson Pty Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 17 September 2019

J HUTCHINSON PTY LTD
ABN 52 009 778 330

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	This Year $	Last Year $
CLASSIFICATION OF EXPENSES BY FUNCTION			
Construction revenue		2,834,149,360	2,662,128,927
Cost of construction		(2,782,830,534)	(2,597,126,731)
Gross profit		51,318,826	65,002,196
Other revenue		10,105,358	17,086,738
Finance costs		(613)	(11,634)
Marketing expenses		(2,491,277)	(2,723,088)
Occupancy expenses		(6,574,433)	(5,681,214)
Administration expenses		(14,147,431)	(13,230,224)
Other expenses from ordinary activities		(22,614,730)	(18,709,020)
Other expenses from other activities		-	(4,206,914)
Profit before income tax expense		15,595,700	37,526,840
Income tax expense	**4**	(4,857,708)	(11,054,442)
Profit for the year		10,737,992	26,472,398
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Increase in fair value of land and buildings		-	4,059,428
Increase in fair value of investments		568,485	283,753
Income tax on items of other comprehensive income		(170,545)	(1,302,954)
Other comprehensive income for the year, net of tax		397,940	3,040,227
Total comprehensive income for the year		11,135,932	29,512,625
Total comprehensive income attributable to members of the company		11,135,932	29,512,625

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

J HUTCHINSON PTY LTD
ABN 52 009 778 330

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	This Year $	Last Year $
CURRENT ASSETS			
Cash and cash equivalents	**5**	387,238,882	398,511,271
Trade and other receivables	**6**	159,375,186	173,531,998
Contract assets	**7**	156,483,964	81,264,674
Tax assets	**12**	11,724,472	-
Other current assets	**8**	3,117,474	4,450,384
TOTAL CURRENT ASSETS		717,939,978	657,758,327
NON-CURRENT ASSETS			
Trade and other receivables	**6**	63,167,517	49,097,874
Financial instruments	**9**	5,037,310	4,468,825
Property, plant and equipment	**10**	78,524,827	73,674,360
Investment property	**11**	22,400,000	22,400,000
Deferred tax assets	**12**	30,493,321	11,956,260
TOTAL NON-CURRENT ASSETS		199,622,975	161,597,319
TOTAL ASSETS		917,562,953	819,355,646
CURRENT LIABILITIES			
Trade and other payables	**13**	539,917,948	469,651,208
Borrowings	**14**	107,532	122,863
Tax liabilities	**12**	-	7,393,579
Short term provisions	**15**	3,821,124	3,209,600
TOTAL CURRENT LIABILITIES		543,846,604	480,377,250
NON-CURRENT LIABILITIES			
Borrowings	**14**	1,098,725	1,468,923
Long term provisions	**15**	3,589,077	2,967,270
Deferred tax liabilities	**12**	42,268,949	18,686,490
TOTAL NON-CURRENT LIABILITIES		46,956,751	23,122,683
TOTAL LIABILITIES		590,803,355	503,499,933
NET ASSETS		326,759,598	315,855,713
EQUITY			
Issued capital	**16**	41,323	41,323
Reserves	**17**	5,832,998	5,435,058
Retained earnings	**18**	320,885,277	310,379,332
TOTAL EQUITY		326,759,598	315,855,713

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

J HUTCHINSON PTY LTD
ABN 52 009 778 330

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Retained Earnings	Issued Capital	Revaluation Surplus	Total
		$	$	$	$
Balance at 1 July 2017		284,149,264	41,323	2,394,831	286,585,418
Profit attributable to equity shareholders		26,472,398	-	-	26,472,398
Total other comprehensive income for the year		-	-	3,040,227	3,040,227
Sub-total		310,621,662	41,323	5,435,058	316,098,043
Dividends paid or provided for	**3**	(242,330)	-	-	(242,330)
Balance at 30 June 2018		310,379,332	41,323	5,435,058	315,855,713
Balance at 1 July 2018		310,379,332	41,323	5,435,058	315,855,713
Profit attributable to equity shareholders		10,737,992	-	-	10,737,992
Total other comprehensive income for the year		-	-	397,940	397,940
Sub-total		321,117,324	41,323	5,832,998	326,991,645
Dividends paid or provided for	**3**	(232,047)	-	-	(232,047)
Balance at 30 June 2019		320,885,277	41,323	5,832,998	326,759,598

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

J HUTCHINSON PTY LTD
ABN 52 009 778 330

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	This Year $	Last Year $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,019,390,887	2,932,425,788
Payments to suppliers and employees		(3,021,002,207)	(2,852,064,674)
Dividends received		29,943	22,351
Interest received		7,202,929	9,066,819
Income tax paid		(19,100,906)	(2,166,067)
Other income received		1,438,357	6,972,797
Net cash provided by/ (used in) operating activities	**24**	(12,040,997)	94,257,014
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		91,507	473,861
Proceeds from sale of investment property		-	1,145,000
Proceeds from repayment of loans by related parties		16,170,559	-
Payments for property, plant and equipment		(13,176,269)	(15,256,485)
Payments for investment property		-	(2,521,624)
Payments for investments		-	(2,017,302)
Payment of loans to related parties		-	(42,819,225)
Payment of loans to non related parties		(1,689,330)	-
Net cash provided by / (used in) investing activities		1,396,467	(60,995,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	51,075
Repayment of borrowings		(385,529)	-
Dividends paid		(242,330)	(229,835)
Net cash provided by / (used in) financing activities		(627,859)	(178,760)
Net increase (decrease) in cash held		(11,272,389)	33,082,479
Cash at beginning of year		398,511,271	365,428,792
Cash at end of year	**5**	387,238,882	398,511,271

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

1 Statement of Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 for use by the directors and members of the company and are special purpose financial statements. The directors have determined that the company is not a reporting entity because there are no users dependent on general purpose financial statements.

J Hutchinson Pty Ltd was incorporated and has its domicile in Australia and is a company limited by shares. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements are presented in the Australian dollar currency.

Reporting Basis and Conventions

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the following applicable Australian Accounting Standards and interpretations and disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

The measurement requirements of all applicable Australian Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board (AASB) have been applied in the preparation of this report.

The complete disclosure requirement of above and all other Australian Accounting Standards or other authoritative pronouncements of the AASB have not been applied.

No other applicable Australian Accounting Standards or other authoritative pronouncements of the AASB have been applied.

The financial statements have been prepared on an accruals basis and is based on historical costs unless otherwise stated in the notes.

The following is a summary of the material accounting policies adopted by the company in the preparation of this report. Unless otherwise stated, the accounting policies are consistent with the previous period.

New and Amended Standards Adopted by the Company

AASB 15 Revenue from contracts with customers
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applies as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

The Directors determined that there was no material impact on the adoption of AASB 15 on the financial statements of the company other than the changes in accounting policies and disclosures. Refer to the accounting policy outlined below under note 1 to this financial report.

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

Other than changes required to disclosures and accounting policies in the financial report, there has been no material impact on the adoption of AASB 9.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less (upon early termination there exists an insignificant risk of change in value) and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The company, as head entity, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until development is completed. Borrowing costs, foreign currency movements and holding charges incurred after development are recognised through profit or loss. Profits are only brought to account on the signing of an unconditional contract of sale.

Revenue

Construction Revenue

The Company derives revenue from the short-term and long-term construction of buildings across Australia. Contracts entered into may be for the construction of one or several separate inter-linked pieces of large infrastructure. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for the building of several projects the total transaction "Price" is allocated across each project based on stand-alone selling prices. The transaction "Price" is normally fixed at the start of the project. It is practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to J Hutchinson Pty Ltd, with the Company having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured input of each process based on cost to complete for each contract.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the balance sheet.

Variable Consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Company assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Contract Assets and Liabilities
AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Company's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets: Non-derivative financial instruments. Contract assets represent the Company's right to consideration for services provided to customers for which the Company's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Financing Components
The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Warranties and Defect Periods
Generally construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with AASB 137: Provisions, Contingent Liabilities and Contingent Assets.

Loss Making Contracts
A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Other Revenue
Interest revenue is recognised on a proportional basis taking into account the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established and declared.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Rental income is recognised on a straight line basis over the term of the operating lease.

Grant income is recognised when all the performance obligations contained in the grant agreement has been met.

All revenue is stated net of the amount of goods and services tax (GST).

Financial Instruments

Recognition, Initial Measurement and Derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through profit or loss (FVPL)

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other revenue or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent Measurement Financial Assets

Financial Assets at Amortised Cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial Assets at Fair Value Through Profit or Loss (FVPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Equity Instruments at Fair Value Through Other Comprehensive Income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt Instruments at Fair Value Through Other Comprehensive Income (Debt FVOCI) or Through Profit or Loss (FVPL)
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Where the company has financial instruments that relate to debt instruments and where contractual cash flows do not represent solely payments of principle and interest, such financial assets are accounted for at fair value through profit or loss (FVPL).

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

Impairment of Financial Assets
The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.
In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') and;
- 'stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. In considering these factors the company has concluded that the adoption of the ECL model does not have a material impact on the impairment assessment on financial assets held at amortised cost.

Trade and Other Receivables and Contract Assets
The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and Measurement of Financial Liabilities
Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely unchanged from AASB 139, the company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, independent or directors' valuation as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at fair value, based on periodic, but at least triennial, directors' valuations using information provided by external independent valuers, less subsequent depreciation and impairment for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant, equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation

The depreciation rates used for each class of depreciable assets are:

Buildings: 2.5%

Plant and Equipment: 10 - 50%

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

The fair value of investment properties is determined annually by Directors' with reference to an independent valuation performed tri-annually. The Directors' assessment of fair value takes into account annual independent valuations, that were prepared which take into account recent similar sales and any changes in estimated yield, underlying income and valuations of comparable properties. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. At each reporting date, the carrying value of the investment properties is assessed by the Directors' and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised through profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Impairment

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

Impairment of trade receivables and contract assets

The company assesses impairment of related party receivables, by analysis of debtor assets and liabilities and their ability to repay debt balance when determining recoverability of the balance due at year end. The company has applied the expected credit loss model (ECL) identifying what stage the receivable is and what expected credit loss is to be applied.

Recognition of construction contract revenue

Determining when to recognise revenue from construction contracts over time, the amounts of revenue recognised in the reporting period depends on the extent to which the performance obligations are satisfied. Recognising construction revenue requires significant judgement in determining milestones, transaction prices (including variations), probability to meet bonus payments, actual work performed and the estimated costs to complete the work.

New and Revised Accounting Standards for Application in Future Periods

Accounting Standards Issued But Not Yet Effective
A number of new accounting standards have been issued but are not yet effective and have not been early adopted early by the Company. Information on the more significant standards are listed below.

AASB 16 Leases
AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $25,046,093, see note 23.

The company expects that its operating lease commitments will be recognised on the Statement of Financial Position as an asset and a liability. This standard will also have an impact on reported performance and cash flows.

The financial report was authorised for issue by the directors on the 17th day of September 2019.

	This Year $	Last Year $

2 Profit before Income Tax

Profit before income tax has been determined after:

	This Year $	Last Year $
Expenses		
Bad and doubtful debts	1,083,333	-
Depreciation of property, plant and equipment	8,220,295	7,292,857
Diminution of property	-	1,343,568
Diminution of investments & loans	-	3,023,678
Net loss (profit) on disposal of property, plant & equipment	14,000	175,229
Other Revenue		
Bad and doubtful debts recovered	1,559,452	1,200,000
Interest received	7,091,606	9,066,819
Rental income	1,395,833	1,162,564
Increase in investment property & land	-	160,332

3 Dividends

	This Year $	Last Year $
Proposed Final Dividend (Franked to 100%)	232,047	242,330
	232,047	242,330
Balance of franking account at period end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.	126,458,287	107,460,495

4 Income Tax Expense

	This Year $	Last Year $
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit from continuing operations before income tax expense	15,595,700	37,526,840
Prima facie tax payable on profit before income tax at 30% (2018: 30%):	4,678,710	11,258,052
Add:		
Tax effect of:		
Other non-deductible items	139,802	(1,152,143)
Under (over) provision for income tax in prior years	(20,058)	854,387
Other non-assessable items	(19,261)	(9,579)
Share of tax group members income tax (loss) profit	78,515	103,725
	178,998	(203,610)
Income tax expense attributable to J Hutchinson Pty Ltd	4,857,708	11,054,442
Tax effects relating to each component of other comprehensive income:		
Increase in fair value of investments before tax	568,485	283,753
Increase in fair value of land and buildings before tax	-	4,059,428
Tax expense	(170,545)	(1,302,954)
Net-of-tax amount	397,940	3,040,227

	This Year $	Last Year $

5 Cash and Cash Equivalents

	This Year $	Last Year $
Current		
Cash on Hand	8,250	8,250
Cash at Bank	381,386,013	398,254,352
PBA QLD Bank Accounts*	4,749,198	-
PS NSW Bank Accounts**	844,205	-
Imprest Accounts	251,216	248,669
	387,238,882	398,511,271

*This cash account is restricted in use to the extent as outlined under the Building Industry Fairness (Security of Payment) Act 2017 as it relates to Project Bank Accounts in Queensland.

**This cash account is restricted in use to the extent as set out in the signed head contract with the NSW Government and the Department of Health Infrastructure.

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	This Year $	Last Year $
Cash and Cash Equivalents	387,238,882	398,511,271
Cash at end of year as per statement of cash flows	387,238,882	398,511,271

6 Trade and Other Receivables

	This Year $	Last Year $
Current		
Trade Debtors	137,969,675	127,903,025
Provision for Impairment	(1,083,333)	-
Sundry Debtors	16,366,803	11,739,098
Associate and Director Related Party Loans	6,122,041	33,889,875
	159,375,186	173,531,998
Non-Current		
Associate and Director Related Party Loans	64,473,920	52,121,552
Provision for Impairment Related Party	(3,023,678)	(3,023,678)
Other Non Related Party Loans	1,717,275	-
	63,167,517	49,097,874

		This Year $	Last Year $
7	**Contract Assets**		
	Current		
	Project expenditure including profit recognised to date	7,287,667,343	5,543,430,537
	Progress Billings	(7,131,183,379)	(5,462,165,863)
		156,483,964	81,264,674
8	**Other Assets**		
	Current		
	Prepayments	3,003,784	2,913,516
	Unpaid Beneficiary Entitlements	113,690	1,536,868
		3,117,474	4,450,384
9	**Financial Instruments**		
	Non-Current		
	Shares in Listed Companies - at fair value	2,131,646	1,563,161
	Investments in Trusts	888,357	888,357
	Shares in Associated Companies	2	2
	Shares in Subsidiaries - at cost	2,017,305	2,017,305
		5,037,310	4,468,825

Controlled Entities

HB Catering Pty Ltd
Country of Formation or Incorporation - Australia
Percentage Owned 100% (2018: 100%)

Trey Developments Pty Ltd
Country of Formation or Incorporation - Australia
Percentage Owned 100% (2018: 100%)

Weyson Pty Ltd
Country of Formation or Incorporation - Australia
Percentage Owned 100% (2018: 100%)

Hutchinson Modular Pty Ltd
Country of Formation or Incorporation - Australia
Percentage Owned 100% (2018: 100%)

Building Industry Supplies Pty Ltd
Country of Formation or Incorporation - Australia
Percentage Owned 100% (2018: 100%)

10 Property, Plant and Equipment

	This Year $	Last Year $
Land and Buildings		
Freehold Land and Buildings:		
Land and Buildings - at directors' valuation 2018	40,512,512	34,980,000
Accumulated Depreciation	(493,480)	-
	40,019,032	34,980,000
Leasehold Land and Buildings:		
Land and Buildings - at cost	285,670	285,670
Accumulated Depreciation	(171,398)	(157,115)
	114,272	128,555
Total Land and Buildings	40,133,304	35,108,555
Plant and Equipment - at cost	76,543,845	73,164,216
Accumulated Depreciation	(49,278,365)	(44,317,123)
	27,265,480	28,847,093
Office Furniture and Equipment - at cost	13,827,069	10,961,225
Accumulated Depreciation	(7,537,314)	(6,546,047)
	6,289,755	4,415,178
Motor Vehicles - at cost	12,180,176	11,568,446
Accumulated Depreciation	(7,343,888)	(6,264,912)
	4,836,288	5,303,534
Total Plant and Equipment	38,391,523	38,565,805
Total Property, Plant and Equipment	78,524,827	73,674,360

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were last revalued on 30 June 2018 based on information provided by external independent valuers, or where not obtainable readily available information by the directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	This Year $	Last Year $
Movement in Property, Plant & Equipment		
Land & Buildings		
Balance at beginning of year	35,108,555	53,081,831
Transfer (to)/from Investment Properties	-	(20,898,691)
Additions	5,532,512	670,335
Disposals	-	-
Revaluation to fair value	-	2,715,860
Depreciation Expense	(507,763)	(460,780)
Balance at end of the period	40,133,304	35,108,555
Plant & Equipment		
Balance at beginning of year	28,847,093	23,864,939
Additions	3,648,748	10,185,862
Disposals	(31,565)	(361,450)
Depreciation Expense	(5,198,796)	(4,842,258)
Balance at end of the period	27,265,480	28,847,093
Office Furniture & Equipment		
Balance at beginning of year	4,415,178	3,800,210
Additions	2,865,844	1,288,209
Disposals	-	-
Depreciation Expense	(991,267)	(673,241)
Balance at end of the period	6,289,755	4,415,178
Motor Vehicles		
Balance at beginning of year	5,303,534	3,564,358
Additions	1,129,165	3,112,079
Disposals	(73,942)	(56,325)
Depreciation Expense	(1,522,469)	(1,316,578)
Balance at end of the period	4,836,288	5,303,534

	This Year $	Last Year $

11 Investment Properties

	This Year $	Last Year $
Investment Properties - Fair Value		
Land and Buildings - at directors' valuation 2019	22,400,000	22,400,000

	This Year $	Last Year $
Movement in Investment Property		
Balance at beginning of year	22,400,000	-
Transfer (to)/from PPE	-	20,898,691
Additions	-	2,521,624
Disposals	-	(1,376,315)
Revaluation to fair market value	-	356,000
Balance at end of the period	22,400,000	22,400,000

The Directors' have determined the fair value of investment properties as at 30 June 2019, with reference to independent valuations obtained in April 2018 and May 2018.

12 Tax

	This Year $	Last Year $
Assets		
Current		
Provision for Income Tax	11,724,472	-
Non-current		
Deferred tax assets comprise:		
Deferred Tax Asset	30,493,321	11,956,260
Liabilities		
Current		
Provision for Income Tax	-	7,393,579
Non-current		
Deferred tax liability comprises:		
Deferred Tax Liability	42,268,949	18,686,490

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

		This Year $	Last Year $
13	**Trade and Other Payables**		
	Current		
	Trade Creditors	425,823,369	368,248,848
	Subcontractors Retentions	90,222,116	79,370,326
	Revenue Received in Advance	757,035	1,918,685
	Other Creditors	8,247,431	7,124,799
	Provision for Holiday Pay	14,867,997	12,988,550
		539,917,948	469,651,208
14	**Borrowings**		
	Current - Unsecured		
	Director Related Parties	107,532	122,863
	Non-Current - Unsecured		
	Director Related Parties	1,098,725	1,468,923
15	**Provisions**		
	Current		
	Provision for Dividend	232,047	242,330
	Provision for Long Service Leave	3,589,077	2,967,270
		3,821,124	3,209,600
	Non-Current		
	Provision for Long Service Leave	3,589,077	2,967,270
	Aggregate employment benefit liability	22,046,151	18,923,090
	Number of employees at period end	1,793	1,637

16 Issued Capital

	This Year $	Last Year $
41,253 Ordinary Shares fully paid	41,253	41,253
10 "A" Class Shares fully paid	10	10
10 "B" Class Shares fully paid	10	10
10 "C" Class Shares fully paid	10	10
10 "D" Class Shares fully paid	10	10
10 "E" Class Shares fully paid	10	10
10 "F" Class Shares fully paid	10	10
10 "G" Class Shares fully paid	10	10
	41,323	41,323

The company has authorised capital amounting to 41,323 shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

17 Reserves

Revaluation Surplus

The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from the reserve.

Movement in Revaluation Surplus	This Year $	Last Year $
Balance at beginning of year	5,435,058	2,394,831
Fair value movement of financial assets relating to equity instruments	397,940	3,040,227
Balance at end of the period	5,832,998	5,435,058

	This Year $	Last Year $

18 Retained Earnings

	This Year $	Last Year $
Retained earnings at the beginning of the financial year	310,379,332	284,149,264
Net profit attributable to members of the company	10,737,992	26,472,398
Dividends provided for or paid	(232,047)	(242,330)
Retained earnings at the end of the financial year	320,885,277	310,379,332

19 Contingent Liabilities and Contingent Assets

The directors are not aware of any contingent liabilities or contingent assets as at the reporting date.

20 Events After the Reporting Period

Other than the following, the Directors are not aware of any other significant events since the end of the reporting period.

On the 30th July 2019, The Ralan Group Pty Ltd & Associated Entities voluntarily appointed administrators. Our client, Ralan Paradise No. 1 Pty Ltd was included in the Associated Entities. After assessing the implications, the Directors thought the following was appropriate:

- Raise a doubtful debt provision of $1m (ex GST) for all amounts invoiced and unpaid at 30 June 2019 and;
- Reduce Contract Assets by $4.4m (ex GST) for all unbilled work at 30 June 2019

The Directors are of the opinion that the above will not have any impact on the company's continuing operations or the company's state of affairs in future financial years.

21 Company Details

The registered office of the company is:
J Hutchinson Pty Ltd
584 Milton Road, Toowong Queensland 4066

The principal place of business is:
584 Milton Road, Toowong Queensland 4066

		This Year $	Last Year $
22	**Standby Arrangements and Credit Facilities**		
	The Company has access to:		
	Bank Guarantee Facility	220,000,000	220,000,000
	Bank Guarantees Issued	(167,308,391)	(141,795,648)
	Amount of facility available	52,691,609	78,204,352
	Insurance Bond Facility	220,000,000	220,000,000
	Insurance Bonds Issued	(160,227,479)	(141,051,020)
	Amount of facility available	59,772,521	78,948,980

This facility of the company is secured by assets & undertakings of J Hutchinson Pty Ltd, in conjunction with the real property of the company & the related company Ciel Holdings Pty Ltd.

23 Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	This Year $	Last Year $
Payable - minimum lease payments		
Not later than 12 months	5,134,876	4,349,967
Between 12 months and five years	11,982,183	12,572,428
Greater than five years	7,929,034	9,896,502
	25,046,093	26,818,897

Property leases are payable monthly in advance and may be increased based upon movements in the CPI but is dependent upon the individual terms of the leases.

	This Year $	Last Year $

24 Cash Flow Information

	This Year $	Last Year $
Reconciliation of net cash provided by operating activities to profit after income tax		
Operating profit (loss) after income tax	10,737,992	26,472,398
Non-cash flows in profit:		
Profit on sale of non-current assets	(30,279)	(144,294)
Loss on sale of non-current assets	44,279	319,523
Bad debts provided or written off (recovered)	(476,119)	(1,200,000)
Depreciation	8,220,295	7,292,857
(Increase) Decrease in property	-	1,183,236
Impairment of non-current investments/loans	-	3,023,678
Changes in assets and liabilities		
(Increase) Decrease in contract assets	(75,219,290)	34,881,852
(Increase) Decrease in trade and other receivables	(13,917,941)	(31,169,154)
(Increase) Decrease in deferred tax receivables	(18,537,061)	(2,464,307)
(Increase) Decrease in other assets	1,332,910	(1,860,294)
Increase (Decrease) in trade creditors and other payables	68,387,293	43,309,450
Increase (Decrease) in employee liability	3,123,061	3,259,387
Increase (Decrease) in deferred tax payables	23,411,914	(2,559,722)
Increase (Decrease) in income taxes payable	(19,118,051)	13,912,404
	(12,040,997)	94,257,014

J HUTCHINSON PTY LTD
ABN 52 009 778 330

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 32 are in accordance with the Corporations Act 2001;

   (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: ______________________________
Gregory Denis Quinn

Director: ______________________________
Owen Jason Valmadre

Dated this 17th day of September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of J Hutchinson Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of J Hutchinson Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of J Hutchinson Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Paul Gallagher

P A Gallagher
Director

Brisbane, 17 September 2019

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